

KELER CCP's Announcement - No. 77/2022.
ECC limit management

Effective from: 11 May 2022

Based on its General Business Rules KELER CCP defines ECC trading limit management as follows.

1. Trading limits

1.1. General rules and types of trading limits

On the spot and derivatives markets cleared by ECC, ECC allows trading limits to be applied. KELER CCP calculates a comprehensive trading limit for all its Energy Market Non-clearing Members, which is set as the result of KELER CCP's internal methodology and based on the following components:

- individual risk assessment: based on the result of annual KYC due diligence questionnaire and the analyses of the provided audited corporate Financial Statement,
- the amount of the financial collateral provided for trading limit purposes,
- the average margin requirement calculated by ECC of the last quarter,
- the amount of additional financial collateral (exception: if the additional financial collateral was imposed due to the increased number of trading limit breaches, the amount of the additional financial collateral is not taken into account as a limit increasing factor)

Spot markets

The comprehensive trading limit can be allocated by KELER CCP's Energy Market Non-clearing Members themselves between spot markets as needed¹. KELER CCP applies only financial limits to spot markets, quantitative limits are not applied. On the spot markets a pre-trade limit can be set both for auction and continuous trading markets. On the auction trading markets the trading limit is set for trading days and it resets on every business day at 16:00 pm CET to the original amount, however on the continuous trading markets the trading limit is linked to the settlement cycle, that is, can cover more trading days, therefore it has to be sufficient to cover weekend and ECC holiday periods.

¹ Except EEX emission markets, where the later detailed TMR limit is applied.

Derivative markets

On derivative markets, Energy Market Non-clearing Members can take exposures up to the amount of their total trading limit. For Energy Market Non-clearing Members with derivative market membership, a post-trade TMR (Total Margin Requirement) margin limit is set which is equal to the amount of comprehensive trading limit mentioned above. The nature of the post trade margin limit, is that the sum of margin requirement (spot and derivatives included) calculated by ECC (for example IMSM, SPAN, CESM, etc.) can not exceed the set TMR limit. **If a TMR trading limit is breached (the total margin requirement exceeds the TMR limit amount), the trading right for that specific trading code will be suspended immediately on all trading platforms.** KELER CCP notifies the Energy Market Non-clearing Member about the fact of the suspension and indicates the amount of the minimum collateral to be placed, which is necessary for the revocation of suspension (see in detail in point Trading limit increase in case of limit breach). The fact of the suspension can be monitored by the Energy Market Non-clearing Member itself after subscribing to the Eurex C7 system (<https://www.ecc.de/en/access/connectivity-and-reports/c7>).

1.2. Trading limit change request initiated by Energy Market Non-clearing Member

The Energy Market Non-clearing Members have the possibility to increase/ decrease their trading limits by voluntarily providing/requesting back basic financial collateral, taking into consideration the relevant multipliers used for the relevant markets (in case of auction market it is 3, in case of continuous trading markets it is 1). The procedure of trading limit change request is the following:

1. The trading limit change request has to be sent to limits@kelerkszf.hu at all time, including the provided/requested amount and the relevant markets.
2. Upon receipt of the limit increase instruction and the availability of the missing amount required to increase the limit, KELER CCP shall immediately attempt to execute the limit increase depending on the execution of the transfer order submitted to the Settlement Bank of the Energy Market Non-clearing Member. KELER CCP will be able to execute the limit increase instructions received by 17:00 (CET) on the given day, provided that the amount required to increase the limit is still available on the Energy Market Non-clearing Member's settlement cash account and the deadline of the settlement bank ensures the execution of the transfer order. In the case of limit increase instructions received after 17:00 (CET) but

before the end of KELER CCP's operating hours (19:00 CET), KELER CCP will act on best effort basis to implement the limit increase, but will not be liable for failure.

3. In case of limit decrease request, the limit decrease will be executed and KELER CCP credits the non-clearing member's current account at the Settlement bank no later than the end of the given clearing day with regard to requests received by 11:00 CET on the given day.

1.3. Trading limit increase in case of limit breach

1.3.1. Management of trading limits in case of limit breach without standing order

As soon as KELER CCP becomes aware of the fact of a limit breach, it shall notify the relevant Energy Market Non-clearing Member about the fact of the limit breach and the suspension of the trading right in an e-mail message sent to the available e-mail addresses / e-mail addresses specified in the Master Data Sheet, also asking the Energy Market Non - Clearing Member to:

- give clear instructions for the limit increase in a reply email (to the email address limits@kelerkszf.hu) and
- ensure that the missing amount required to increase the limit is available on the settlement account of the Energy Market Non-clearing Member.

Upon receipt of the limit increase instruction and the availability of the missing amount required to increase the limit, KELER CCP shall immediately attempt to execute the limit increase depending on the execution of the transfer order submitted to the Settlement Bank of the Energy Market Non-clearing Member. KELER CCP will be able to execute the limit increase instructions received by 17:00 (CET) on the given day, provided that the amount required to increase the limit is still available on the Energy Market Non-clearing Member's settlement cash account and the deadline of the settlement bank ensures the execution of the transfer order. In the case of limit increase instructions received after 17:00 (CET) but before the end of KELER CCP's operating hours (19:00 CET), KELER CCP will act on best effort basis to implement the limit increase, but will not be liable for failure.

1.3.2. Management of trading limits in case of limit breach with a standing order

As soon as KELER CCP becomes aware of the fact of a limit breach and suspension of trading right, and in case the missing amount necessary to increase the limit is available on

the Energy Market Non-clearing Member's settlement cash account, KELER CCP shall immediately attempt to execute the limit increase as set out in the standing order, depending on the execution of the transfer order submitted to the Settlement Bank of the Energy Market Non-clearing Member. KELER KSZF shall be in the position to increase the limit according to the standing order on the given day in case the limit breach is becoming known to KELER CCP by 17:00 (CET) on the given day and if the amount required to increase the limit is available by this time the latest on the cash account of the Energy Market Non-clearing Member and if the transfer order deadline of the Settlement Bank ensures the execution of the transaction. In case of limit breaches becoming known to KELER CCP after 17:00 (CET) but before the end of KELER CCP's operating hours (19:00 CET), KELER CCP will act on best effort basis to implement the limit increase, but will not be liable for failure.

If at the time of the investigation the missing amount required to increase the limit is not available in the cash account of the Energy Market Non-clearing Member, KELER CCP shall act in accordance with point 1.

1.4. Trading limit modification during revision period

KELER CCP reviews the trading limit for all its Energy Market Non-clearing Member at least on a quarterly basis. The revision takes place in the following month after the end of the quarter and the results, including the deadline until the non-clearing members have the possibility to modify the suggested amount of the limits, are communicated to the non-clearing members via e-mail.

After the given deadline, trading limit can be modified according to the request of the Energy Market Non-clearing Member only after the new trading limit has been set.

KELER CCP reserves the right to deny the modification of the trading limit on the day the revised trading limits are set.

2. Realistic Price Range / RPR application

When calculating the ECC trading limit, the so-called a realistic price range applied by ECC allows a lower and upper boundary for the strict exposure calculation for auctions. If an Energy Market Non-clearing Member enters a sell order with a negative price lower than the minimum realistic price, the exposure is only calculated up to and including the minimum realistic price. Likewise, when an Energy Market Non-clearing Member enters a buy order with a possible positive price higher than maximum realistic price, the exposure is only calculated up to and including the maximum realistic price. This allows Energy Market Non-clearing Members to also bid at extreme prices during auctions that are possible but not realistic. KELER CCP is entitled to determine the realistic price range.

Effective from 20.04.2022. 12:00 CET the RPR values are set as follow:

| Market | RPR |
|-----------|-----------|
| HUPX | -50 / 550 |
| SEMOPX | -25 / 450 |
| SEEPEX | 0 / 550 |
| EPEX (UK) | -25 / 550 |
| EPEX | -75 / 600 |

Budapest, 10 May 2022

KELER CCP Ltd.

Annex 1. Standing order to increase trading limits in the event of a limit breach

Annex 2. Cancellation of a standing order

Annex 1. Standing order to increase trading limits in the event of a limit breach

Referring to the Energy Market Non-clearing Membership Agreement concluded on between

KELER CCP Ltd. (registered seat: 1074 Budapest, Rákóczi út 70-72. company registration number: 01-10-046985, activity license number: H-EN-III-43/2014., H-EN-III- 294/2017.) hereinafter referred to as: KELER CCP,

and

company name:

registered seat:

company registration number:

hereinafter referred to as the Energy Market Non-Clearing Member (hereinafter together referred to as the Parties)

the Energy Market Non-Clearing Member hereby authorizes KELER CCP to execute the limit increase in the following amount without prior notification of the Energy Market Non-Clearing Member immediately after becoming aware of the fact of the limit breach and suspension of the trading right:

Limit increase Amount²:

the minimum amount required³ to restore a trading right + EUR

The Energy Market Non-Clearing Member acknowledges that KELER KSZF shall be in the position to increase the limit according to the standing order on the given day in case the limit breach is becoming known to KELER CCP by 17:00 (CET) on the given day and if the Limit increase Amount is available by this time the latest on the cash account of the Energy Market Non-clearing Member.

The Energy Market Non-Clearing Member acknowledges that if at the time of the investigation the Limit increase Amount is not available in the cash account of the Energy Market Non-clearing Member, KELER CCP is not able to increase the limit according to the

² The minimum amount is 1000 EUR. The amount entered must be divisible by 1000. In any other cases the amount will be rounded up to the next thousand EUR.

³ The minimum amount required is rounded up to the next thousand EUR.

standing order, and it shall notify the relevant Energy Market Non-clearing Member about the fact of the limit breach and the suspension of the trading right in an e-mail message sent to the available e-mail addresses / e-mail addresses specified in the Master Data Sheet, also asking the Energy Market Non - Clearing Member to:

- give clear instructions for the limit increase in a reply email (to the email address limits@kelerkszf.hu) and
- ensure that the missing amount required to increase the limit is available on the settlement account of the Energy Market Non-clearing Member.

The Energy Market Non-Clearing Member acknowledges that KELER KSZF shall be in the position to increase the limit according to the limit increase instruction on the given day, in case the amount required to increase the limit is available by 17:00 (CET) on the given day on the cash account of the Energy Market Non-clearing Member.

The Energy Market Non-Clearing Member acknowledges that KELER CCP will take the necessary measures to implement the limit increase, but will not be liable for failure.

This standing order is valid until revoked.

Date:

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Signature

Annex 2. Cancellation of a standing order

Company name:

registered seat:

company registration number:

hereinafter referred to as the Energy Market Non-Clearing Member, withdraw the Standing order to increase trading limits in the event of a limit breach given by me on

Date:

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Signature